

**Meeting:**

Cabinet

**Date:**

10 February 2026

**Cabinet Member:** Councillor Huw Wyn Jones, Cabinet Member for Finance

**Subject:** 2026/27 Budget

**Contact Officer:** Dewi Morgan, Head of Finance

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## **2026/27 BUDGET**

### **Decision Sought**

**Recommend to the Council (at its meeting on 5 March 2026) that:**

- 1. A budget of £379,866,050 should be set for 2026/27, to be funded by £264,009,390 of Government Grant and £115,856,660 of Council Tax income (which is an increase of 5.32%).**
- 2. A capital programme of £40,179,430 in 2026/27 should be established, to be funded from the sources set out in Appendix 4 of the report.**

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### **1. INTRODUCTION**

- 1.1 The Council must set a balanced budget for 2026/27.
- 1.2 This budget is set at a time when Welsh local authorities continue to face financial challenges, where the addition to the settlement does not meet the increase in demand for services.
- 1.3 Cyngor Gwynedd has received a grant increase for 2026/27 of 4.1%, equivalent to a £10.4m increase in external funding. In addition, a further £5.4m has been included to reflect the transfer of responsibilities to the settlement, which is also included in the grant.
- 1.4 By 2026/27, our spending would need to be increased by £23.3m to "stand still" (details are in part 3 below). This includes £9.9m to meet pressures on service budgets (details of the individual 'bids' are in Appendix 2).

- 1.5 It is seen in this report that there are demand pressures on services, as well as inflationary pressures. The 2026/27 budget seeks to protect the services the Council provides to the people of Gwynedd and recommends an 5.32% increase in Council Tax to achieve that objective this year. Forecasts suggest there will be further pressure in aiming to set a balanced budget for 2027/28.
- 1.6 The draft budget has been considered by a majority of Council members at a briefing session on the financial situation held on 27 January 2026 and scrutinised by the Governance and Audit Committee on 3 February. The role of the Cabinet is to recommend a balanced and appropriate budget to the Council meeting on 5 March for 2026/27.
- 1.7 The 2026/27 budget includes savings identified when setting the 2024/25 and 2025/26 budget.
- 1.8 This year we propose to establish a capital programme worth £40.2m in 2026/27, as set out in Appendix 4.
- 1.9 The full Council are required to consider the budget and set Council Tax for 2026/27 based on the issues identified in the following report. This detailed report sets out the factors influencing the proposed revenue budget for 2026/27 and outlines the main changes since 2025/26.

## 2. WELSH GOVERNMENT GRANT

2.1 The Welsh Government has announced the final local authority funding settlement for 2026/27 as follows:

| Revenue Support Grant<br>2025/26 – 2026/27 | Total Welsh Authorities<br>£ | Cyngor Gwynedd<br>£ |
|--|------------------------------|---------------------|
| 2025/26 Government Grant                   | 6,273,340,560                | 253,588,760         |
| 2026/27 Government Grant                   | 6,555,644,540                | 264,009,390         |
| Increase £                                 | 282,303,980                  | 10,420,630          |
| Increase %                                 | 4.5%                         | 4.1%                |

Further details of the final settlement can be found here –

[Local government revenue and capital settlement: final 2026 to 2027 | GOV.WALES](https://gov.wales/local-government-revenue-and-capital-settlement-final-2026-to-2027)

2.2 Official Welsh Government figures in the table above show that Cyngor Gwynedd is receiving a grant increase of £10.4m by next year (after adjusting the relative 2026/27 figure to reflect changes to the taxbase and transfers to the settlement), which is a 4.1% increase, while the average across Wales is 4.5%.

2.3 Several factors feed into the local government grant allocation formula, such as the county's population, the number of pupils in our schools, and the number of income support claimants.

### 3. COUNCIL REVENUE EXPENDITURE – 2026/27

3.1 The increase in expenditure required to "stand still" in 2026/27 is set out in the table below.

#### Additional Expenditure Requirements

|  | £           | £                  |
|--|-------------|--------------------|
| Base Budget  |             | 356,815,330        |
| Staff Salary Inflation                             | 8,298,980   |                    |
| Reduction Employer Pension Contribution            | (3,364,290) |                    |
| Other Inflation (suppliers)                        | 6,075,390   |                    |
| Levies (Fire, ENPA, NRW & CJC)                     | 528,810     |                    |
| Demography   | (846,000)   |                    |
| Bids – Pressures on Services                       | 9,910,580   |                    |
| Long Term Empty Dwellings Premium Increase         | 893,700     |                    |
| Various Budget Adjustments                         | (328,460)   |                    |
| Interest on Balances                               | (89,090)    |                    |
| 2025/26 Settlement Funding Floor                   | (1,571,530) |                    |
| Reversing 2025/26 NI Employer Grant                | 3,632,950   |                    |
| Transfers to the Settlement                        | 163,820     |                    |
| Net total of increases                             |             | <u>23,304,860</u>  |
| Total 2026/27 spending requirements before savings |             | <u>380,120,190</u> |

### 3.2 **Base Budget 2025/26**

Although the net expenditure for 2025/26 was £357m, it is important to note that the Council's actual expenditure is £608m, because we receive a host of specific grants worth £167m and charge an overall income of £84m for services we provide.

### 3.3 **Salary Inflation £8.3m**

An agreement was reached on workforce pay (apart from teachers) for April 2025 to March 2026 by agreeing an increase 3.2%. In line with most other local authorities, we had budgeted prudently for a 3.5% increase, with the final agreement a little less than what had been budgeted for.

This budget sets aside the objective of an increase in the 2026/27 pay agreement of 4% for teachers and 3.4% for the remaining workforce (teachers from September 2026, remaining workforce from April 2026).

### 3.4 **Reduction Employer Pension Contribution (£3.4m)**

Reduction in employer pension contribution resulting from the three-annual re-valuation.

### 3.5 **Other Inflation £6.1m**

This is a 'net' amount which includes provision for a range of changes dependent on the rate of inflation in a number of specific areas. The main areas where increases are seen are:

- Independent Residential Care Homes £1.4m
- Non-residential Care £1.5m:
  - Supported Housing £916k,
  - Domiciliary Care £301k,
  - Other services £281k
- Energy (Electricity and Gas) £692k
- Increase in other prices:
  - Insurance £177k
  - Property rates £150k

### 3.6 **Levies £529k**

The levies paid to the relevant bodies will increase as follows between 2025/26 and 2026/27:

|   |       |
|---|-------|
| • North Wales Fire and Rescue Authority       | £458k |
| • Eryri National Park Authority               | £44k  |
| • Natural Resources Wales (Special Levies)    | £7k   |
| • North Wales Corporate Joint Committee (CJC) | £20k  |

The net increase of £458k to the North Wales Fire and Rescue Authority levy is equivalent to an increase of 0.42% in council tax.

### **3.7 Demography (£846k)**

Due to a reduction in pupil numbers in schools within secondary (£659k) and primary (£637k), whilst there is an increase in pupil numbers within the special schools £450k.

### **3.8 Pressures on Services £9.9m**

Appendix 2 contains details of each individual request for additional expenditure arising from pressures on the services.

It is recommended that bids worth £9.9m for additional permanent resources submitted by Council departments to meet inevitable pressures on their services are approved.

All departments are asked to identify any expenditure the Council must deliver to ensure continuity of basic service. The procedure here is not for desirable new developments, but rather for the continuation of existing basic services.

An element of these applications of course manifests itself as we review the current year's spending patterns. Others are the result of issues arising where spending is necessary to protect outcomes for the public, or to meet statutory requirements. There is also an element of central government creating pressures and expectations, followed by the Council having to cope with the knock-on effects.

The items presented in Appendix 2 have been thoroughly challenged by the Leadership Team before being recommended for Cabinet approval. Furthermore, a summary of these spending requests were presented at the Budget Seminar held on 27 January 2026.

### **3.9 Increase in the Premium Rate for Long Term Empty Dwellings £894k**

At its meeting on 4 December 2025, the Full Council decided to raise a premium of 150% on homes that have been empty for 12 months or more. Based on the current data, an additional Council Tax yield of £894k is forecasted, with this income being earmarked for housing programmes, community schemes and to deal with the increased challenges of collecting the Premium.

### **3.10 2025/26 Settlement Funding Floor (£1.6m)**

Following the late final settlement for 2025/26, it was decided to use the budget to fund one-off service bids for 2025/26 and risk provision. This budget can be released when preparing the 2026/27 budget.

### **3.11 Reversing 2025/26 National Insurance Employer Grant £3.6m**

The 2025/26 Budget was set on the basis that the Government would partially fund the additional cost arising from increase to the National Insurance threshold and rate paid by the employer. Grant funding was received in 2025/26 and additional budget was provided as part of the 2026/27 settlement; therefore, the grant income target can be reversed.

### 3.12 Various Budget Adjustments (£418k)

A total reflecting a significant number of adjustments to different budgets across the Council. This includes the impact of an increase in interest receipts of (£90k) in returns in investing balances and the Council's cash flow, and reduced costs of (£329k) due to other budgetary considerations.

## 4. EXISTING SAVINGS THAT HAVE ALREADY BEEN APPROVED

4.1 **Cyngor Gwynedd has delivered £47m of savings plans since 2015/16.**

4.2 On 20 February 2024, the Cabinet approved a programme of savings worth £5.2m for the budget of 2024/25 onwards. The profile of this programme is seen in Appendix 3, which shows that £343,090 of these savings are profiled for 2025/26. £5.2m in its entirety was actioned in the 2024/25 budget, with subsequent year savings being bridged by funds/reserves. Therefore, the 2025/26 and 2026/27 savings do not assist in reducing the budgetary gap in those years.

4.3 Furthermore, there are savings plans worth £320k, arising from previous savings programmes to be removed from departmental budgets this year. As in previous years, savings provision has been earmarked to deal with situations where savings slip; the value of the provision this year is £66k, therefore £254k of savings is available to help reduce the 2026/27 gap.

4.4 The value of these savings by department is summarised in the following table.

| <b>Savings that have already been programmed</b>       |                |
|--|----------------|
|  | £              |
| Adults, Health and Wellbeing Department                | 143,090        |
| Environment Department                                 | 200,000        |
| Highways, Engineering and YGC Department               | 91,000         |
| Education Department                                   | 98,500         |
| Corporate Services Department                          | 50,000         |
| Saving schemes approved in 2025/26 profiled in 2026/27 | 81,000         |
| <b>Subtotal</b>  | <b>663,590</b> |
| Less: Savings Provision                                | (66,360)       |
| <b>Existing Planned Savings 2026/27</b>                | <b>597,230</b> |

## 5. FUNDING GAP 2026/27 AND COUNCIL TAX

5.1 Part 3 above shows that the Council's spending requirements (before savings and cuts are removed) for 2026/27 are £380.1m. Part 2 noted that the grant from the Welsh Government will be £264m.

5.2 As explained in part 4 above, there are a total of £254k of savings and cuts to be utilised to reduce the funding gap.

| Establishing the 2026/27 Budget                  |                    |
|--|--------------------|
|  | £                  |
| 2025/26 Base Budget                              | 356,815,330        |
| Additional Expenditure Requirements              | <u>23,304,860</u>  |
| 2026/27 Expenditure Requirements before Savings  | 380,120,190        |
| less Welsh Government Revenue Grant Income       | (264,009,390)      |
| Funding Gap from Council Tax and further savings | <u>116,110,800</u> |

5.3 That means there is a residual gap of £116m that needs to be filled.

5.4 Furthermore, £254k of savings previously approved for 2026/27 (see Section 4 above), are available and will contribute towards addressing the budgetary deficit.

|  |                    |
|--|--------------------|
| Funding Gap from Council Tax and Savings | 116,100,800        |
| Less Existing Savings already approved   | (254,140)          |
| Funding Gap from Council Tax             | <u>115,856,660</u> |

5.5 Further details on the savings and cuts are found in Appendix 3.

5.6 It is recommended that the remainder of the gap is to be greeted through Council Tax. Increasing the Tax on individual dwellings by 5.32% will generate £115,856,660 of income, and this would be sufficient to fill the gap.

5.7 This will be £7.4m of additional Council Tax income compared to the 2025/26 budget. That equates to a Council Tax increase of £101.48 for properties in Band D, or £1.95 a week. The tax levied by the Police and Crime Commissioner (an increase of 7.01% for 2026/27) and the community councils (various %) will of course be in addition to this.

5.8 Background information and the context for setting the Tax level is set out in Appendix 6.

- 5.9 If Council members wanted a less than 5.32% increase in the level of Tax, then fewer permanent resources would have to be committed to deal with the pressures on services, there would be a need to find savings and cuts, or a combination of both.
- 5.10 The choice between maintaining services and taxation is always a difficult one. For 2026/27 it is expected that the proposal to raise the tax by 5.32% to meet the pressures on services while setting a balanced budget will be a similar level to most authorities in north Wales.

## 6. CONCLUSIONS / BUDGET 2026/27

6.1 This report and the appendices set out the factors that should be considered when establishing the 2026/27 budget and historic savings will still have to be harvested and the level of tax will need to be raised to set a balanced budget.

6.2 It is recommended that revenues of £380.1m be spent, having added £23.3m, which includes the provision of £9.9m to address demand for services.

6.3 Having received a grant from Welsh Government of £264m, relying on £254k of savings. The level of Council Tax will need to increase by 5.32% to generate £115.9m of income to close the 2026/27 funding gap.

| <b>Balanced budget for 2026/27</b>              |                    |
|---|--------------------|
| 2026/27 Expenditure Requirements before Savings | £ 380,120,190      |
| 2026/27 Savings Total                           | <u>(254,140)</u>   |
| 2026/27 Budget                                  | <u>379,866,050</u> |
| <b>To be funded from -</b>                      |                    |
| Grant Income                                    | 264,009,390        |
| Council Tax (yield after raising 5.32%)         | <u>115,856,660</u> |
| 2026/27 Budget                                  | <u>379,866,050</u> |

6.4 This will involve setting a net budget of **£379,866,050**. A breakdown of the budget per service is given in Appendix 1.

## **7. CAPITAL**

- 7.1 The 2019/20 onwards asset strategy was established by the Council on 7 March 2019. On 11 July 2024 the strategy was revised and approved by the Council with the period extended to 2033/34. It is incorporated as part of the Capital Programme, and we are adding to that by 2026/27. Details of the current capital programme can be found in Appendix 4.
- 7.2 The two tables shown in Appendix 4 reflect the capital requirements, together with the funding, for setting the 2026/27 to 2028/29 capital budget, to establish a total programme worth £40,179,430 in 2026/27, to be funded from the sources analysed in Appendix 4.
- 7.3 The table in Appendix 4 states that £500k is available annually for the funding of capital bids. For 2026/27, there is £840k worth of capital bids to be funded, (as detailed in Appendix 2b), using uncommitted resources to fund the difference.

## **8. LONGER TERM STRATEGY**

- 8.1 Welsh Government has reached an agreement with Plaid Cymru to set a budget for 2026/27. The Senedd elections are in May 2026, and since we do not know who will form the government after that, we have no forecasts for a local government settlement for the following years.
- 8.2 In considering the increased demand for services on the Council, in the face of shrinking provision because of cuts, there will need to be an early, fundamental consideration of what the Council can provide and how. As can be seen in Appendix 3, savings and cuts plans have been programmed for 2026/27 but work will commence immediately after setting the budget for 2026/27 on updating a Medium-Term Financial Plan that recognises the situation as envisaged.

## **9. OTHER CONSIDERATIONS AND VARIOUS ASSESSMENTS**

- 9.1 The current level of the Council's general balances is £7.9m. Given the increased pressures expected on the Council's budgets over the next few years, it is considered that this level of balances will be appropriate to reserve for practical cash flow and unexpected expenditure. Information on the balances and reserves is presented in Appendix 7.
- 9.2 Appendix 5, 'Addressing the Schools Budget in 2026/27', explains the position of the Gwynedd schools' budget.
- 9.3 In determining a budget, Cabinet and Council must consider the impact of their decisions in terms of equality, in line with the statutory duties placed on the Council through the Equality Act 2010. Appendix 8 deals specifically with the duty, including the statutory finance officer's comments on the whole Budget in terms of equality. The assessment confirms that there will be a positive overall impact from the continuity of services that are considered a priority for protection and funding to the additional level of demand, and it is not believed that any negative impacts will be significant.
- 9.4 The Council complies with the requirements of the Well-being of Future Generations (Wales) Act 2015 and the recommendations in the report are based and developed in accordance with the statutory duty on the Council under Section 3 to undertake sustainable development in all its activities. As usual, more detailed information about the Well-being Act and relevant conclusions is provided at Appendix 9.
- 9.5 The statutory finance officer must express a view on the robustness of the estimates. An appropriate risk assessment and confirmation is presented at Appendix 10.

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## **Views of the local member**

Not a local issue

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## **Views of statutory officers**

### **Monitoring Officer:**

Although it is for the full Council to make a final decision on the Budget and Council Tax it is the responsibility of Cabinet to recommend this. It is important that Cabinet gives a clear recommendation on its spending plans and the draft budget and this report provides this. Once the Council has agreed the funding sources, then Cabinet will be responsible for the spending and prioritisation within that budget.

### **Head of Finance:**

I have worked with the Cabinet Member to prepare this report and confirm the contents. Having considered all the risks outlined in Appendix 10 to the report, and the mitigation, I consider that the Council's Budget for 2026/27 is robust, adequate, and achievable.

## APPENDICES

- 1 Proposed Budgets
- 2 Summary of Bids
- 2a Permanent Revenue Bids
- 2b Capital Bids
- 3 Savings and Cuts
- 4 Capital
- 5 Dealing with the Schools Budget in 2026/27
- 6 Council Tax
- 7 Balances
- 8 Assessing the Impact on Protected Characteristics, the Welsh Language and Socio-Economic Disadvantage
- 9 Well-being of Future Generations (Wales) Act 2015
- 10 The Statutory Finance Officer's Statement on the Robustness of Estimates